



MONTHLY ECONOMIC REVIEW

**DECEMBER
2004**

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EXECUTIVE SUMMARY

Monetary Policy Stance and Actions

The primary objective of monetary policy remains to contain inflation at low and stable levels. To achieve this, BoU monetary policy operations ensured that liquidity management does not exacerbate instability in both the domestic money and foreign exchange markets.

For the four-weeks period ended November 26, 2004:

- Net-issuance of Treasury bills and Treasury bonds were mainly used to sterilize liquidity, while the repurchase agreement instruments (REPOs) facilitated the short-term, normally fine-tuning operations. The net issuance of government securities amounted to Shs45.07 billion¹. The stock of REPOs stood at Shs67.8 billion, down from Shs73.2 billion as at end of October 29,2004.
- The Rediscount rate and Bank rate increased in November 2004, from 13.39 percent and 14.39 percent, by end October 2004, to 14.26 percent and 15.26 percent, respectively by November 26, 2004.
- BOU continued to watch foreign exchange market developments very closely to ensure market stability. Due to stability in the forex markets there were neither sterilization nor intervention deals by BoU in the IFEM during the period under review.

Inflation Developments

The upward pressure on inflation observed in July 2004, continued in November 2004.

- The **Annual Headline Inflation**² for November 2004 rose to **7.3%** from 5.7% in October 2004. This was on account of increased prices of food crops. The Annual Food Crops Inflation³ increased to **18.0%** in November 2004 compared to 11.7% in October 2004. The **Monthly Headline Inflation** increased to **1.5%** in November from 1.3% in October 2004.
- The **Annual Underlying Inflation** rose to **4.3%** for the year ended November 2004 from 3.9%. The corresponding **Monthly Underlying Inflation** fell to **0.1%** in November from 0.2% in October 2004.

Real Sector Developments

- During November 2004, trading was vibrant at the Uganda Securities Exchange mainly on account of trading at the DFCU counter.
- Market capitalisation at the USE increased by 34.67 percent from Shs1, 461.7 billion to Shs1, 968.5 billion while the all share index increased by 20 percent from 340.56 to 408.7 between October and November 2004.

¹ This number includes Treasury bills and Treasury Bonds.

² Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

³ Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.

Domestic Securities and Money Market Developments

- In a continuous effort to promote secondary market trading and to create benchmark securities, Bank of Uganda re-opened two bonds: the 3-year and 5-year bonds. The amounts offered were Shs 30.0 billion and Shs 20.0 billion respectively. Both auctions were over-subscribed and the respective yields to maturity were 15.94 percent and 16.04 percent.
- The total outstanding stock of Treasury bonds stood at Shs335.00 billion by November 26, 2004
- Two Treasury bill auctions worth Shs100.0 billion were held in the month of November 2004. The respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 9.08 percent, 12.21 percent, 13.23 percent and 13.46 percent for the auction of 24-November, 2004. This compares to rates of 7.88 percent, 11.39 percent, 13.08 percent and 12.57 percent, for 91-day, 182-day, 273-day, and 364-day bills respectively, recorded in the auction held on October 27, 2004
- Total secondary market trades of the Treasury bills during the four weeks ended November 26, 2004 amounted to Shs9.27 billion, compared to Shs31.75 billion of the four weeks ended October 29, 2004. The average discount rates on these trades for the 91-days, the 182-days, and 273-days securities were 13.49 percent, 11.21 percent, and 10.49 percent, respectively.
- The yield curve based on the average yield-to-maturity quotations in the secondary market evolved relatively in line with the developments in the primary market. However, widening margins between the two curves were observed at the longer end of the market.
- Activity in the domestic inter-bank and money markets for the four weeks ended November 29, 2004 continued to be buoyant in the call money market. The weighted average lending rate over the four weeks to November 26, 2004 was 7.23 percent, 0.65 percentage points higher than the average for the corresponding period ended October 29, 2004
- No commercial bank adjusted its prime-lending rate over the period under review. Consequently, the range of these rates for the banking system remained at 16-21 percent as was recorded in the previous four weeks to October 29, 2004.
- The commercial banks' average effective lending rate on shilling denominated loans declined from 19.55 percent to 18.73 percent, the time deposit rates fell from 8.64 percent to 7.60 percent over the period September to October 2004 respectively.

Developments in Monetary and Financial Aggregates Developments

- These developments cover both the banking system and the non-bank financial institutions for the period to end October 2004.
- Broad Money M3, which comprises currency in circulation plus all private sector's deposits, expanded modestly by about 1.0 percent to Shs2, 607.7 billion in October 2004. This marks a positive turnaround compared to September 2004, when M3 was fell by 0.6 percent. M3 has risen from its end-June 2004 position by 0.8 percent.

- Between September 2004 and October 2004, the Net Foreign Assets (NFA) of the banking system rose by 12.1 percent or Shs278.7 billion to Shs2579.2 billion. In particular, NFA at BoU expanded by 19.8 percent or Shs.324.2 billion to Shs1961.9 billion, more than offsetting a decline in Commercial banks' NFA of 6.9 percent or Shs.45.6 billion to Shs617.2 billion. Foreign reserves at BoU grew by an equivalent of Shs294.9 billion, compared to a decline of Shs5.4 billion in the previous month.
- The government's net position with the banking system (NCG) as at end- October 2004 was a borrowing of Shs124.1 billion, up by 45.3 percent or Shs38.7 billion from Shs85.4 billion at the end of September 2004. Government increased its net savings at BOU by Shs1.9 billion over the month, on account of a decline in advances to Government of Shs4.2 billion, coupled with an increase in government owned administered funds at BoU of Shs1.9 billion, which more than offset a decrease in Government deposits of Shs4.2 billion. Commercial banks' net claims on Government rose by Shs40.6 billion in October 2004, on account of a strong decline in government deposits of Shs21.0 billion, coupled with an increase in commercial banks' investment in Government securities of Shs19.6 billion.
- By end-October 2004, the stock of outstanding credit to the private sector by the banking sector stood at Shs1, 059.9 billion, of which Shs23.9 billion was from BOU and Shs1, 036.0 billion from commercial banks. This represents an increase of 4.0 percent (or Shs40.9 billion) compared to the end September 2004 position. In September 2004, PSC rose by 2.4 percent.
- In the month of October 2004, the total assets of the **Non-Bank Financial Institutions** went up by 2.6 percent. This outturn compares to a growth rate of 1.3 percent observed over the same period a year ago. The stock of the outstanding loans and advances to the private sector increased by 2.3 percent. Mortgage loans, accounted for 59.4 percent of the loans. The building and construction sector accounted for the largest share of loans and advances from the NBFIs at 80.7 percent of the total as at end-October 2004. The Trade and Commerce sector contributed the second largest share of 13.4 percent.

Fiscal Developments

- Total revenue and budget support grant receipts (excluding project grants) for October 2004 is estimated at Shs155.45 billion. This is lower than Shs169.35 billion recorded in September by Shs13.90 billion or 8.2 percent.
 - In October 2004, government expenditure and net lending increased by Shs49.91 billion or 37.1 percent to Shs184.37 billion. The increase was reflected in both current expenditure and development expenditure
 - The overall fiscal balance for October 2004 was a deficit of Shs28.93 billion compared to a surplus of Shs34.89 billion recorded in September 2004. Excluding grants, the deficit worsens to Shs41.79 billion. Subsequently, the government borrowed Shs32.49 billion from domestic sources. However, government made a net external repayment of Shs3.56 billion.

Foreign Exchange Market

- The Uganda Shilling depreciated by 1.13 percent against the US Dollar from Shs1, 726.99 as on the 29 October 2004 to Shs1, 746.57 per US Dollar on the 30 November 2004. This is in contrast to the 1.27 per cent appreciation recorded for the previous month. The depreciation of the shilling during this period was largely on account of increased demand of the US Dollars from importers and some corporates.
- BOU continued to watch market developments to ensure market stability. There were no sterilization and intervention deals in the period under review.

Balance of Payments Developments

- In October 2004, the current account balance was estimated at a deficit of US\$34.91 million, while the capital and financial account was estimated at a surplus of US\$38.67 million. Thus, the overall balance of payments was estimated at a surplus of US\$3.75 million.
- Total exports proceeds for the month of October 2004 were estimated at US\$51.38 million, of which coffee accounted for 16.1 percent. Private transfer inflows for the period under review were estimated at US\$51.39 million, a reduction of about 22.66 percent compared to the previous months' inflows.
- The import bill (fob) was estimated at US\$128.76 million during October 2004. This is a marginal decrease of 2.1 percent compared to the import bill of the previous month, which was estimated at US\$ 131.47 million.⁴
- Official aid (excluding project aid but including resources from the HIPC Initiative) inflows amounted to about US\$14.35 million. Private sector transfer inflows exceeded outflows by US\$38.86 million in October 2004, and Services and income outflows exceeded inflows by about US\$30.05 million.
- Official debt service (excluding IMF payments) was estimated at US\$ 15.58 million for the month of October 2004. IMF principal payments amounting to US\$ 5.53 million were externalized in the same month.
- Official foreign reserves (including valuation changes) were estimated at US\$1,321.07 million in October 2004, equivalent to 6.82 future months of imports of goods and services.

Policy Stance

- Bank of Uganda is set to maintain the cautious monetary policy stance to ensure that inflation remains low and stable. It is also committed to manage liquidity in a manner that does not cause instability in both the domestic and foreign exchange markets.

⁴ Effective May 2004, import figures are reported at fob value.

A MONETARY POLICY STANCE AND ACTIONS

Bank of Uganda (BOU)'s monetary policy is focused on containing inflation, but operations of its instruments are cautious not to exacerbate instability in the markets. Sterilization of excess liquidity is usually effected through a combination of sales of Treasury bonds, net issues of Treasury bills and daily sales of foreign exchange. This notwithstanding, BOU actively uses the Repurchase Agreements (REPOs) as a fine-tuning instrument in order to manage short-term liquidity movements. The liquidity management effort is supplemented by adjustments in the pricing of the liquidity providing windows, the Rediscount Rate and Bank rate, to ensure a consistent monetary policy stance.

In line with its policy of a market-determined exchange rate, the Shilling value against other currencies is determined by the supply and demand in the foreign exchange market and BOU only intervenes in the inter-bank foreign exchange market (IFEM) to curb instability.

In the four weeks to November 30, 2004, the net redemption of Treasury bills was Shs1.63 billion, compared to a redemption of Shs26.12 billion in the corresponding four-week period to October 01, 2004. In a continuous effort to promote secondary market trading and to create benchmark securities, Bank of Uganda re-opened two bonds; the 3-year bond on November 03, 2004 and 5-year bond on November 17, 2004 with face values of Shs30.0 billion and Shs.20.0 billion, respectively. On the short-term liquidity management front, gross issues of the REPOs instrument, whose maturity ranged from 1 to 7 days, amounted to Shs445.50 billion during this period, against maturities of Shs372.39 billion. This is compared to issues and maturities of Shs292.55 billion and Shs275.00 billion, respectively over the preceding period ended October 29, 2004. The outstanding stock of REPOs that was Shs73.16 billion by October 29, 2004 had decreased to Shs67.76 billion, by November 30, 2004. In light of the developments in the foreign exchange market, BOU continued to closely monitor developments in foreign exchange market to ensure market stability.

In line with the developments in the Treasury bill market, the Rediscount rate and Bank rate that were 13.39 percent and 14.39 percent, by October 29, 2004, increased to 14.26 percent and 15.26 percent, respectively by November 29, 2004.

B DOMESTIC PRICE DEVELOPMENTS

The **Annual Headline Inflation**⁵ for November 2004 rose to **7.3%** from 5.7% in October 2004. Rising food crop prices have continued to exert the strongest upward impact on the Consumer Price Index (CPI) since August 2004.

Overall, the food group⁶ prices rose by 13.3%; beverages and tobacco group prices by 5.7%; rent, fuel and utilities group prices by 4.2%; household and personal goods group prices by 2.3; transport and communication group prices by 1.1%; and health, education and entertainment group prices by 3.6% for the year ended November 2004. Significant increases in the prices of alcoholic beverages and cigarettes are partly transitory resulting from reduced production of the ingredients of locally brewed alcohol and due to the higher tax effects for November 2004

⁵ Inflation is the percentage change in the Consumer Price Index compared with the same month (or previous month) one year (month) previously.

⁶ Food group comprises of the entire basket of food crops and other food items e.g. manufactured food goods – margarine, cooking oil, etc.

compared to November 2003. Further significant upward effects came from increased paraffin prices due to the recent revisions of the pump prices; and charcoal prices, which resulted from difficulties in charcoal burning, and transportation due to the recent rains. The above upward pressures were partly offset by continuously decreasing prices of clothing and footwear due to falling demand for second hand clothes.

The **Monthly Headline Inflation** increased to **1.5%** in November from 1.3% in October 2004. The highest monthly increase of 3.2 percent was on account of prices of food crops.

The **Annual Underlying Inflation** rose to **4.3%** for the year ended November 2004 from 3.9% for the year ended October 2004. On an annual basis Goods (non food crops) prices increased by 4.7% in November 2004 while those of services rose by 3.4%. The significant upward effects on annual underlying inflation in November 2004 were reflected by the price increases in the beverages and tobacco; rent, fuel and utilities; and health, education and entertainment groups. The **Monthly Underlying Inflation** fell to **0.1%** in November from 0.2% in October 2004.

The **Annual Food Crops Inflation**⁷ increased to **18.0%** in November 2004 compared to 11.7% in the year ended October 2004. Similarly, the **Monthly Food Crops Inflation** rose to **6.4%** in November from 5.0% in October 2004.

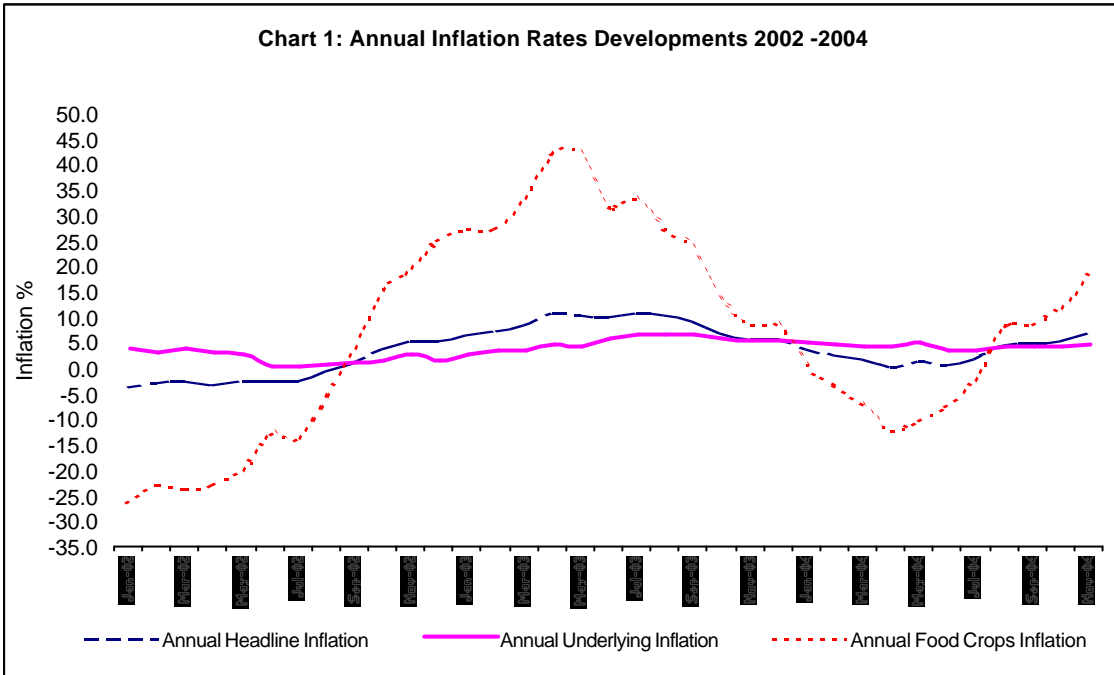
Developments in inflation rates are summarized in Table 1 and Charts 1 and 2.

Table 1. Three Months Rolling Inflation Rates Out-turn (September– November 2004)

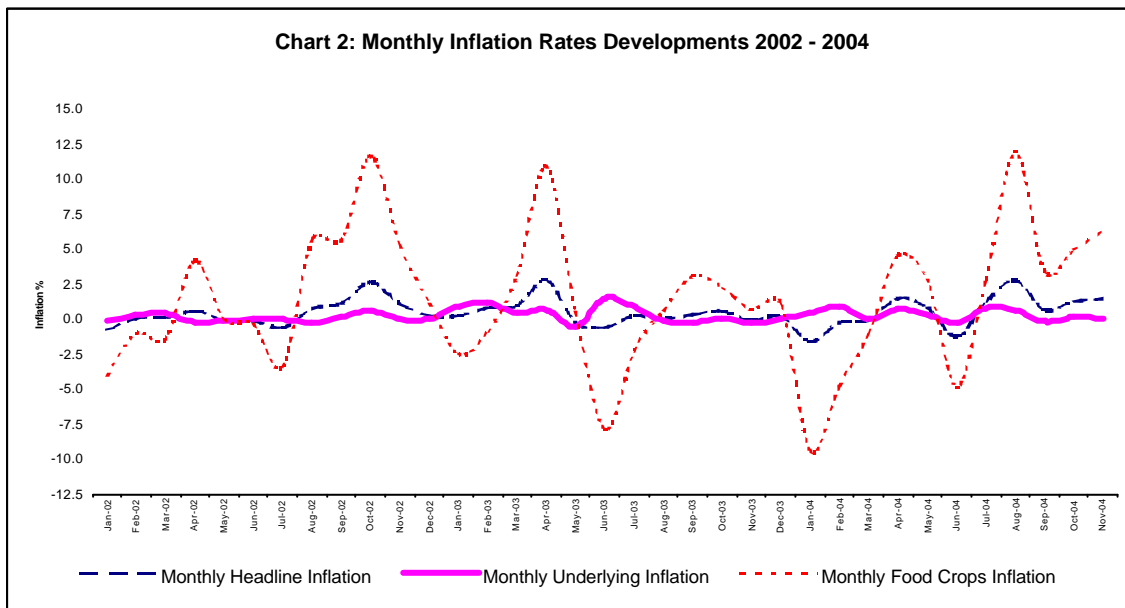
Period	Headline Inflation (%)		Underlying Inflation (%)		Food Crops Inflation (%)	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
September 2004	0.7	5.0	-0.2	3.9	3.5	8.8
October 2004	1.3	5.7	0.2	3.9	5.0	11.7
November 2004	1.5	7.3	0.1	4.3	6.4	18.0

Source: Uganda Bureau of Statistics

⁷ Food crops refer specifically to grown food crop items that are typically sold fresh in the markets.



Source: UBOS



Source: UBOS

C REAL SECTOR DEVELOPMENTS

On account of data availability, indicators of real sector developments in this report have concentrated fuel and trading at the Uganda Securities Exchange.

i) Fuel Imports and Consumption

Data on fuel imports and sales that had previously been available up to June 2004 is now updated to September 2004.

Table 2: Imports and sales volumes of major fuel products ('000 of litres)

		June 04	% age change	July 04	% age change	Aug 04	% age change	Sept 04
Premium (PMS)	Imports	16,140	3.4%	16,697	10.0%	18,373	7.1%	19,687
Diesel (AGO)		25,456	-21.6%	19,960	6.5%	21,255	21.7%	25,863
Kerosene (BIK)		4,216	0.5%	4,237	-2.4%	4,113	15.0%	4,730
Premium (PMS)	Sales	14,391	4.8%	15,087	-0.2%	15,063	-2.0%	14,756
Diesel (AGO)		22,012	-6.9%	20,484	-9.2%	18,599	-0.3%	18,542
Kerosene (BIK)		2,877	79.1%	5,152	27.3%	6,558	-4.1%	6,288

Source: Ministry of Energy and Mineral Resources

Premium imports have been on an upward trend since June 2004. Month-on-month changes of 3.4 percent, 10 percent and 7.1 percent were recorded for July, August and September 2004 respectively. Diesel imports decreased by 21.6 percent in July 2004 but recovered thereafter and the level of imports by the end of September was almost the same as that in June 2004. Imports of Kerosene increased marginally in July before declining by 2.4 percent in August; and then increased by 15 percent in September.

The sales of premium increased from 14,391,000 litres in June 2004 to 14,756,000 litres in September although, during July and August, monthly decreases of 0.2 and 2.0 percent respectively, were recorded. Diesel sales also decreased between June and September from 22,012,000 litres to 18,542,000 litres with month-on-month decreases of 6.9, 9.2 and 0.3 percent recorded during July, August and September, respectively.

On average, fuel prices for premium and diesel increased from Shs.1, 696.77 and Shs1, 266.77 in September 2004 to Shs1, 760 and Shs1, 470 per litre in October 2004, respectively.

ii) Trading at the Uganda Securities Exchange (USE)

During November 2004 trading was vibrant at the Uganda Securities Exchange mainly on account of trading at the DFCU counter. There were only 2 days out of the 9 trading days during the month, that there was no activity at the DFCU counter. Total turnover for the month amounted to Shs48.76 million, of which 96 percent was attributable to DFCU share trading. Other active counters during this month were the British American Tobacco (Uganda) and Uganda Clays Limited. This month's turnover was 95.2 percent more than the previous month's performance. A total of 153,493 shares were traded.

To make East African Breweries shares more affordable, there was a stock-split of five-to-one on 29 November 2004. This split was reflected on 30 November 2004 and it led to a decrease in share prices from Shs11, 011 on the previous day to Shs2, 486⁸. Apart from this, prices of the other shares: British American Tobacco, Bank of Baroda and Uganda Clays remained unchanged at Shs1, 145, Shs800 and Shs8, 000, respectively. On two of the trading days, DFCU share prices increased to Shs310, otherwise, they were stable at Shs305. Kenya Airways share prices decreased by 3.08 percent from Shs390 at the end of October 2004 to Shs378 at the end of November 2004.

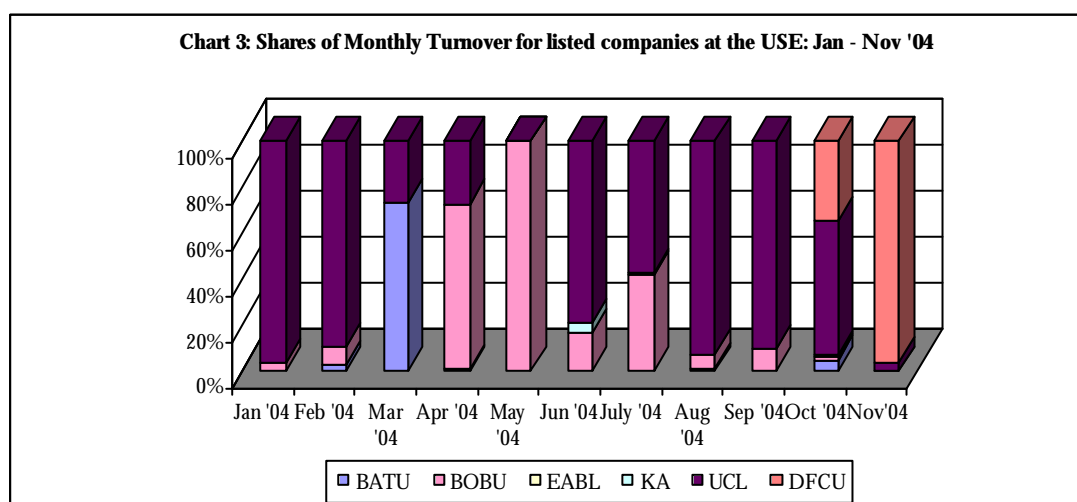
Market capitalisation at the USE increased by 34.67 percent from Shs1, 461.7 billion to Shs 1,968.5 billion between October and November 2004 mainly on account of EABL shares which increased by 39.63 percent. The all share index increased by 20 percent from 340.56 to 408.7 over the same period.

Table 3 and charts 3 and 4 below summarize the recent developments in the USE.

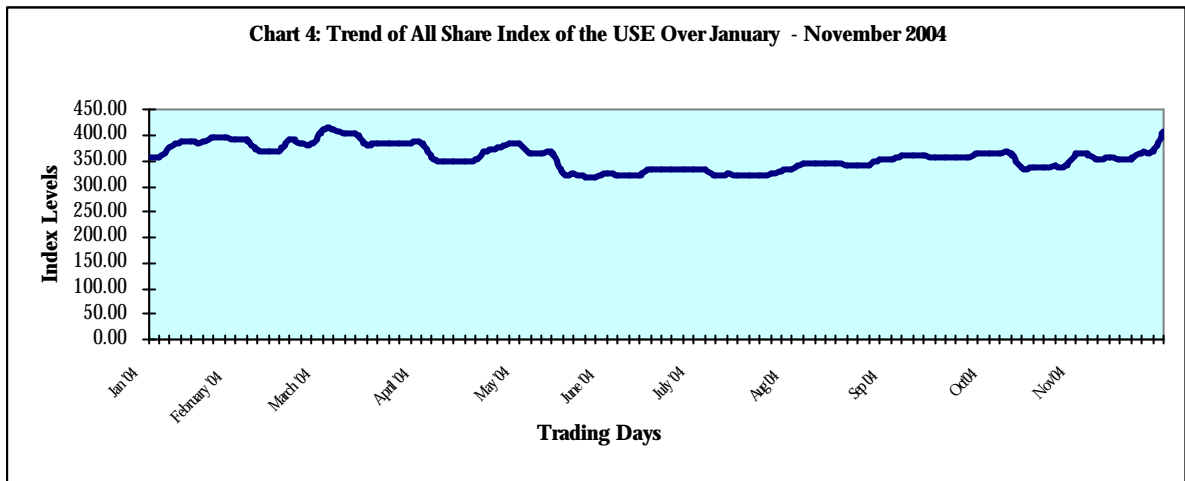
Table 3: Trading at the Uganda Securities Exchange (July – November 2004)

	Jul '04	Aug '04	Sep '04	Oct '04	Nov '04
Trading Days	8	9	9	8	9
Total Turnover	6,387,725	50,790,405	19,980,500	24,977,960	48,763,695
No. Deals	10	31	23	NA	NA
No. Shares	2,931	31,174	4,064	32,520	153,493
Market Capitalization (Billion Ushs)	1,342.2	1,325.80	1,414.7	1,461.7	1,968.5
All Share Index	331.51	353.71	365.46	340.56	408.70

Source: Uganda Securities Exchange



⁸ Had the share split not occurred share prices would have been Shs 12,430 on the 30 November 2004.



D DEVELOPMENTS IN THE DOMESTIC SECURITIES AND MONEY MARKET

Primary Market for Treasury Bonds

In a continuous effort to promote secondary market trading and to create benchmark securities, Bank of Uganda re-opened two bonds; the 3-year bond and 5-year bond. On November 03, 2004, the auction of the 3-year bond with a face value of Shs30.00 billion was over subscribed by Shs3.43 billion, translating into a cover ratio of 111.44 percent, a weighted average price of 87.84 per Shs100, and a yield-to maturity of 15.94 percent. This yield was slightly higher than 15.70 percent of the second issue of the same bond effected in October 2004. The auction of the 5-year bond held on November 17, 2004 with a face value of Shs20.00 billion was also over subscribed by Shs12.23 billion, realizing a cover ratio of 161.14 percent, a weighted average price per Shs100 of Shs85.46, and yield-to-maturity of 16.04 percent, compared to 12.80 percent for the first issue.

The total outstanding stock of Treasury bonds stood at Shs335.00 billion by November 26, 2004. Table 4 below shows details of the most recent treasury bond issues, and Appendix Table 1 summarizes the full details on all issues in the market so far which are also listed on the Uganda Securities Exchange.

Table 4: Summary of Government Treasury bond Issues as at November 26, 2004
(In Billions of Uganda Shillings, unless otherwise stated)

Tenor/Issue date →	2-Year Reopened Sep 09-04	3-Year Reopened Jul 14-04	3-Year Oct 06-04	3-Year Reopened Nov 03-04	5-Year Mar 24-04	3-Year Reopened Nov 17-04	10-Year May 19-04
Maturity Date	Jun 29-06	Feb 22-07	Oct 04-07	Oct 04-07	Mar 19-09	Mar 19-09	May 08-14
Offers	30.000	30.000	30.000	30.000	20.000	20.000	15.000
Total Bids	50.526	32.123	43.936	33.431	41.999	32.227	25.166
O/w Competitive	50.506	29.989	43.914	33.396	41.997	12.989	25.154
Over (Under) Subscription	20.526	2.123	13.936	3.431	21.999	12.227	10.166
Amount Sold (Face Value)	30.000	30.000	30.000	30.000	20.000	20.000	15.000
Amount Sold (Cost Price)	28.260	27.144	26.187	26.352	18.518	17.093	12.991
Cover Ratio %	168.419	107.077	146.380	111.437	210.00	161.135	167.773
Previous Cover Ratio %	133.336	149.370	107.077	146.380	...	210.000	...
WAP per Shs. 100	94.202	90.482	87.354	87.840	92.590	85.463	86.608
Previous WAP per Shs. 100	92.974	92.642	90.482	87.354	...	92.590	...
Yield to Maturity %	15.006	16.802	15.696	15.935	12.802	16.039	13.477
Previous Yield to Maturity %	15.105	15.127	16.802	15.696	...	12.802	...
Coupon Rate %	10.00	10.25	10.25	10.25	10.75	10.75	11.00

Secondary Market for Treasury bonds

The four week-period average indicative bid/offer yields-to-maturity in the secondary market for the 2-year, 5-year and 10-year bonds were quoted at 14.41/14.15 percent, percent, 15.96/15.68 percent, and 17.61/17.36 percent, an increase from the respective average indicative rates of 14.29/14.07 percent, 15.65/16.47 percent, and 17.28/17.03 percent reported in the previous four week period. On the other hand, the 3-year bond's average bid rate went up while the offer rate fell as its rates moved from 15.65/16.47 percent to 15.74/15.48 percent over the same time period (See Table 5). There was no trading of bonds in the secondary market in the period under review.

Table 5: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bonds over the four week-period to November 26, 2004

	Tenor of bond							
	2-year		3-year		5-year		10-year	
	Yield-to-maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	13.75	13.45	14.75	14.50	14.00	13.75	15.50	15.25
Max	15.25	15.00	17.25	17.00	19.10	18.85	21.50	21.25
Average	14.41	14.15	15.74	15.48	15.96	15.68	17.61	17.36
A. Source: Compiled from Domestic Financial Markets Department records								

Primary Market for Treasury bills

Two Treasury bill auctions with offers of Shs50 billion each were held in the month of November 2004. Both auctions were over subscribed in the period under review. The respective weighted annualized yields on the 91-day, 182-day, 273-day, and 364-day bills stood at 8.71 percent, 11.87 percent, 12.97 percent and 12.89 percent, respectively, for the auction held on November 10, 2004 and 9.08 percent, 12.21 percent, 13.23 percent and 13.46 percent for the auction of 24-November, 2004. This compares to rates of 7.88 percent, 11.39 percent, 13.08 percent and 12.57 percent, for 91-day, 182-day, 273-day, and 364-day bills respectively, recorded in the auction held on October 27, 2004 (see Chart 5 below).

Chart 5: Trend of Discount rates on 91-and 364-day Treasury Bills From June 2002 to November 2004



Secondary Market for Treasury bills

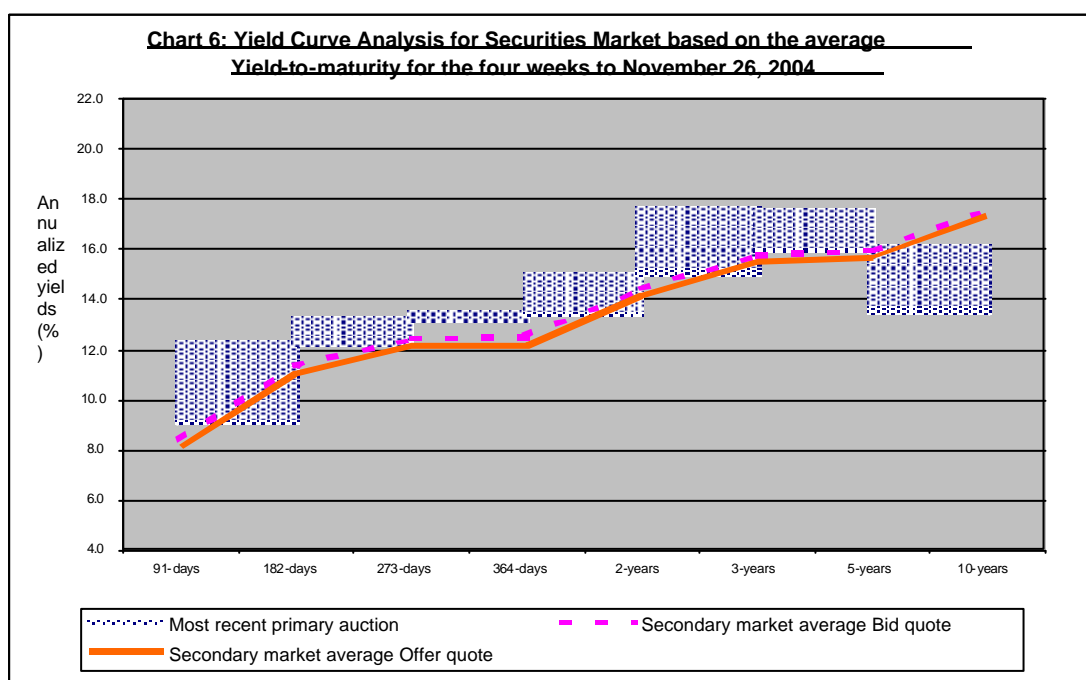
The average bid/offer yields-to-maturity in the secondary market for Treasury bills went up on the 91-days and 182-days papers (maturities) in the period under review. As shown in Table 6, the average bid/offer rates for the four weeks to November 26, 2004 were recorded at 8.18/7.88 percent and 10.77/10.44 percent for the 91-days and 182-days securities, respectively. This compares to the respective rates of 7.59/7.30 percent and 8.97/8.70 percent recorded in the four weeks to October 29, 2004. On the other hand, the average bid/offer yields-to-maturity in the secondary market on the 273-days and 364-days papers dropped from respective rates of 12.54/12.13 percent and 12.82/12.52 percent to 11.53/11.28 percent and 11.44/11.10 percent over the same period.

Table 6: Bid/Offer Rates and Transactions in the Secondary Market for Treasury bills over the four-week period to November 26, 2004

	Tenor of bills							
	91-days		182-days		273-days		364-days	
	Yield-to-Maturity quotation (percent)							
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
Min	7.30	7.05	8.85	8.25	10.10	9.85	11.00	9.85
Max	9.15	8.90	12.00	11.75	12.90	12.65	12.50	12.25
Average	8.18	7.88	10.77	10.44	11.53	11.28	11.44	11.10
	Trading Activity							
Transactions (Shs billion)	0.868		2.616		5.789		-	
O/w Horizontal REPOs	-		-		-		-	
- Av. H/REPOs rate	-		-		-		-	
O/w - Outright sales	0.868		2.616		5.789		-	
Total trades across maturities	Shs9.273 billion							
- Av Discount rate	13.49 percent		11.21 percent		10.49 percent			
- Av Yield to maturity	14.22 percent		11.77 percent		11.10 percent			
Rediscounts at BoU	-							
Borrowing at BoU	-							
<i>mpiled from Domestic Financial Markets Department records</i>								

Total trades of the secondary market Treasury bills for the four weeks ended November 26, 2004 amounted to Shs 9.27 billion, compared to Shs 31.75 billion of the four weeks ended October 29, 2004. The average discount rates on these trades for the 91-days, the 182-days, and 273-days securities were 13.49 percent, 11.21 percent, and 10.49 percent, respectively.

The yield curve based on the average yield-to-maturity quotations in the secondary market evolved relatively in line with the developments in the primary market. However, widening margins between the two curves were observed at the longer end of the market. The curve derived from the primary market was inverted between the 3-year and 10-year papers as it dropped below that of the secondary market (see Chart 6).



v) Domestic Inter-bank market

Activity in the domestic inter-bank money market for the four weeks ending November 26, 2004 continued to be buoyant in the call money market (i.e. transactions of less than 30 days in tenor). The most active period was the week ended November 12, 2004, when transactions worth Shs49.6 billion were recorded, while the least activity was in the week of November 26, 2004, with volumes of transactions amounting to Shs22.8 billion. The weekly weighted average rates ranged from 6.31 percent to 7.87 percent. The weighted average lending rate over the four weeks to November 26, 2004 was 7.23 percent, 0.65 percentage points higher than the corresponding period ended October 29, 2004. Transactions between domestic banks and foreign entities⁹ in the money market amounted to Shs4.26 billion at an average rate of 7.42 percent. All commercial banks participated in the inter bank market during the four weeks.

vi) Commercial Banks' Retail Interest Rates

There was no revision in the commercial banks' prime lending rate during the four weeks to November 26, 2004. Consequently, there were no changes in the number of banks charging rates for the various range categorizations. The range of these rates for the entire industry also remained at 16-21 percent. Table 7 below summarizes these developments.

Table 7: Trends of the Prime Lending Rates October 2004 – November 2004
(Figures are end-period)

Prime Lending Rate (%)	Oct 22, 2004	Oct 29, 2004	Nov 05, 2004	Nov 12, 2004	Nov 26, 2004
0.0 – 10.9	0	0	0	0	0
11.0 – 13.9	0	0	0	0	0
14.0 – 15.9	0	0	0	0	0
16.0 – 18.0	5	5	5	5	5
18.1 – 19.9	7	7	7	7	7
20.0 – 21.9	3	3	3	3	3
Range (Min – Max)	16%-21%	16%-21%	16%-21%	16%-21%	16%-21%

Source: Commercial banks weekly returns

The ranges of the savings and time deposits rates were maintained at 0-8.0 percent and 0.25-20.0 percent, respectively. The respective number of banks with savings rates of at least 5.0 percent and those with a time deposit rate of at least 8.0 percent remained unchanged at five (5) and seven (7), respectively.

Information on the commercial banks' effective lending and deposit rates is available only up to October 2004. As portrayed in Table 8, there was a decline in the effective lending rate on both the foreign and shilling denominated loans from 9.02 percent and 19.55 percent in September 2004 to 7.32 percent and 18.73 percent in October 2004, respectively.

⁹ A distinction is made between the interbank market in which only domestic commercial banks participate and the money market where foreign banks also carry out transactions.

Table 8: Commercial Banks' Lending and Deposit Rates (Percent)

Weighted Average rates	Shilling Denominated				Foreign Denominated			
	Jul 04	Aug 04	Sept 04	Oct 04	Jul 04	Aug 04	Sept 04	Oct 04
Lending	19.92	20.20	19.55	18.73	9.13	12.38	9.02	7.32
Demand Deposits	1.64	1.56	1.11	1.10	1.08	1.00	0.98	0.98
Savings Deposits	2.20	2.11	1.76	1.79	1.45	1.45	1.45	1.45
Time Deposits	7.07	6.80	8.64	7.60	3.37	3.26	4.93	2.26

Source: Monthly Report, BS100 Returns by Commercial Banks

The weighted rates on shilling denominated savings marginally increased from 1.76 percent to 1.79 percent while demand deposits rate declined to 1.10 percent from 1.11 percent recorded in September 2004. The weighted rates on the time deposits decreased to 7.60 percent in the period under review from 8.64 percent in the preceding period. The demand deposit rate on foreign currency was stable at 0.98 percent while the rate on savings deposits was, for four months in a row, maintained at 1.45 percent. Time deposit rates decreased from 4.93 percent to 2.26 percent.

E MONETARY AGGREGATES AND FINANCIAL SECTOR AGGREGATES

(i) Banking Activities¹⁰

Broad Money

Broad Money M3, which comprises currency in circulation plus all private sector's deposits, expanded modestly by about 1.0 percent to Shs2, 607.7 billion in October 2004. This marks a positive turnaround compared to September 2004, when M3 fell by 0.6 percent. M3 has risen from its end-June 2004 position by 0.8 percent.

M2A, comprising of M3 less foreign currency deposits of the private sector, grew by 2.3 percent from Shs1928.7 billion at end-September 2004 to Shs1, 973.6 billion in October 2004. This compares to a decline of 0.7 percent over the month of September 2004. Table 9 shows the developments in money supply.

Net Foreign Assets (NFA)

Between September 2004 and October 2004, the net foreign assets (NFA) of the banking system rose strongly by 12.1 percent or Shs278.7 billion to Shs2579.2 billion. In particular, NFA at BoU expanded by 19.8 percent or Shs.324.2 billion to Shs1961.9 billion, more than offsetting a decline in Commercial banks' NFA of 6.9 percent or Shs.45.6 billion to Shs617.2 billion. Foreign reserves at BoU grew by an equivalent of Shs294.9 billion, compared to a decline of Shs5.4 billion in the previous month.

Net Claims on Government (NCG)

The government's net position with the banking system (NCG) as at end- October 2004 was a borrowing of Shs124.1 billion, up by 45.3 percent or Shs38.7 billion from Shs85.4 billion at the end of September 2004 (Table 9). At BoU, the government increased its net savings by Shs1.9 billion over the month, on account of a decline in advances to Government of Shs4.2 billion, coupled with an increase in government owned administered funds at BoU of Shs1.9 billion,

¹⁰ Based on the **Preliminary** Monetary Survey for September 2004.

which more than offset a decrease in Government deposits of Shs4.2 billion. At commercial banks, net claims on Government rose by Shs40.6 billion in October 2004, on account of a strong decline in government deposits of Shs21.0 billion, coupled with an increase in commercial banks' investment in Government securities of Shs19.6 billion.

Table 9: Developments in Monetary and Credit Aggregates (June 04 – October 04)

<i>(in billion shillings unless otherwise stated)</i>	Jun. 2004	Jul. 2004	Aug. 2004	Sep. 2004	Oct. 2004
Net Foreign Assets (NFA)	2,368.4	2,340.8	2,298.9	2,300.5	2579.2
Domestic Credit	1,107.4	1,145.1	1,084.4	1,115.8	1194.3
Net Credit Gov't (NCG)	83.4	118.8	73.7	85.4	124.1
Claims on the Private Sector	1,010.0	1,014.9	998.3	1,019.0	1059.9
M3	2,587.3	2,594.6	2,594.8	2,582.7	2607.7
Forex deposits	662.4	669.2	654.2	654.0	634.1
M2A	1,924.9	1,925.5	1,940.6	1,928.7	1973.6
Demand Deposits	804.0	761.9	790.5	765.1	807.4
Term Deposits	591.6	616.8	605.6	621.2	623.6
Currency	529.3	546.8	544.5	542.4	542.6
Forex/M3(percent)	25.6	25.8	25.2	25.3	24.3
Demand Deposits/M3 (percent)	31.1	29.4	30.5	29.6	31.0
Term Deposits/M3 (percent)	22.9	23.8	23.3	24.1	23.9
Currency/M3 (percent)	20.5	21.1	21.0	21.0	20.8

Private Sector Credit (PSC)

At end-October 2004, the stock of outstanding credit to the private sector by the banking sector stood at Shs1059.9 billion (Table 9), of which Shs23.9 billion was from BOU and Shs1036.0 billion from commercial banks. This represents an increase of 4.0 percent (or Shs40.9 billion) compared to the end September 2004 position. In September 2004, PSC rose by 2.4 percent.

Credit Flows

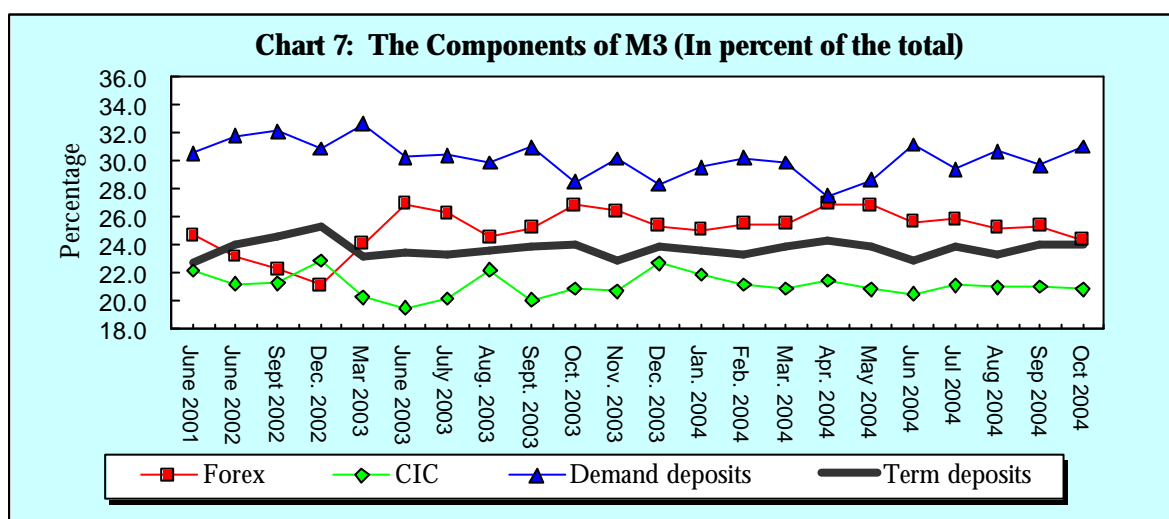
During October 2004, the total (shilling and foreign currency) gross extensions by commercial banks amounted to Shs137.94 billion; while recoveries were Shs100.73 billion resulting in net extensions of Shs37.2 billion. After accounting for flows in capitalized interest, there was an increase in the stock of credit of about Shs40.92 billion (see Appendix Table 1)¹¹. During the month, commercial banks extended shilling loans amounting to Shs89.31 billion, and recovered Shs67.61 billion, thus net extensions were Shs21.7 billion. Net capitalized interest stood at Shs4.45 billion. Thus, there was a net increase in the stock of shilling loans to the non-bank public of Shs26.15 billion (see Appendix Table 2). For foreign currency loans, gross extensions stood at Shs48.63 billion, while recoveries were lower at Shs33.13 billion, yielding net extensions of Shs15.51 billion. After taking into account effects of capitalized interest, the stock of foreign currency loans recorded a net rise of Shs14.78 billion (See Appendix Table 3).

Appendix Tables 13 summarize the evolution of the monthly change in outstanding loans and advances of commercial banks for the period October 2002 to October 2004.

¹¹ The Gross Extensions and Recoveries include lending to Government and Parastatals. PSC as recorded by the Monetary Survey doesn't include lending to Government and parastatals.

Liabilities of the Banking System

On the liabilities side, foreign currency accounts fell by 19.9 billion to Shs634.1 billion in October 2004. In US dollars, foreign currency accounts fell by US\$5.9 million to US\$367.2 million¹². Demand deposits grew by 5.5 percent or Shs42.3 billion to Shs807.4 billion, while term deposits (time, savings and CDs) grew by 0.4 percent to Shs623.6 billion as at end-October 2004. Currency in circulation (CIC) was largely stable, rising slightly by Shs. 0.3 billion to Shs542.6 billion. Reflecting these developments, the ratio of foreign currency deposits to M3 dipped to 24.3 percent from 25.3 percent at end-September 2004. The ratio of demand deposits to M3 rose to 31.0 percent from 29.6 percent in October 2004, while that of term deposits fell to 23.9 percent from 24.1 percent in October 2004. The ratio of CIC to M3 fell to 20.8 percent from 21.0 percent. Chart 7 below and Table 9 above show the trends of these ratios.



(ii) Non-Bank Financial Institutions (NBFIs) Activities¹³

Assets

In the month of October 2004, the total assets of the Non-Bank Financial Institutions went up by 2.6 percent, from Shs164.05 billion at the end of September 2004 to Shs168.27 billion. This outturn compares to a growth rate of 1.3 percent observed over the same period a year ago. The increase in assets in October 2004 was mainly attributed to a 13.3 percent increase in balances with commercial banks and a 2.3 percent increase in total loans and advances, which constitute secured and unsecured loans, mortgage and administered loans.

Loans and advances

The stock of the outstanding loans and advances to the private sector increased by Shs2.19 billion or 2.3 percent, to Shs98.56 billion as at end-October 2004, up from Shs96.37 billion at end-September 2004. Mortgage loans, which accounted for 59.4 percent of the loans, increased by 1.7 percent to Shs58.50 billion while secured and unsecured loans increased by 0.3 percent to Shs14.94 billion at the end of October 2004. Administered loans also went up by 4.9 percent to Shs25.11 billion, up from Shs23.94 billion recorded in September 2004. The building and construction sector accounted for the largest share of loans and advances from the NBFIs at 80.7 percent of the total as at end-October 2004. The Trade and Commerce sector contributed the second largest share of 13.4 percent.

¹² The end period exchange rate is used to value fore x items.

¹³ Only covers 7 credit institutions.

Deposits

In October 2004, private sector deposits¹⁴ in the NBFIs increased marginally by 4.2 percent to Shs69.21 billion, from Shs66.39 billion in September 2004. In particular, time deposits went up by 8.9 percent to Shs13.93 billion and savings deposits by 3.0 percent to Shs55.28 billion. Other deposits, which represent funds collected on behalf of government from the beneficiaries of the government pool house sale scheme, increased by 1.0 percent to Shs27.31 billion over the same period.

Table 10: Developments in the Activities of Non-Bank Financial Institutions (Shs Billion)

	May 2004	Jun 2004	Jul 2004	Aug 2004	Sep 2004	Oct 2004
Total Assets	153.03	153.76	163.42	163.08	164.05	168.27
O/w Loans and advances	89.62	91.03	93.10	92.95	96.37	98.56
Secured & unsecured	12.15	12.73	14.34	13.88	14.90	14.94
Mortgage	52.84	54.06	54.82	55.28	57.53	58.50
Administered	24.62	24.23	23.95	23.79	23.94	25.11
Total Deposits	92.47	93.28	92.89	92.88	93.43	96.52
Savings	56.76	56.34	55.39	54.48	53.67	55.28
Time	10.04	10.78	11.09	11.69	12.73	13.93
Agency Funds	25.68	26.15	26.41	26.71	27.04	27.31

Source: Bank of Uganda

F GOVERNMENT BUDGETARY OPERATIONS

i) Revenue and Grants

Total revenue and budget support grant receipts (excluding project grants) for October 2004 are estimated at Shs155.45 billion. This is lower than Shs169.35 billion recorded in September by Shs13.90 billion or 8.2 percent.

Total domestic revenue collected in October 2004 is estimated at Shs142.59 billion, of which Shs141.28 billion or 99.1 percent came from URA collections. The URA revenue collections were lower than the programmed target for the month by Shs18.72 billion due to decreased tax collections in respect of domestic taxes. Revenue collections from domestic taxes decreased by Shs7.77 billion to Shs62.66 billion in October 2004, from Shs70.43 billion collected in September 2004. Taxes on international trade, however, went up from Shs73.59 billion in September 2004 to Shs77.35 billion in October 2004. The preliminary outturn for non-tax revenue collections for October 2004 was estimated at Shs1.31 billion. This was Shs0.73 billion lower than the collections for September 2004, and also lower than the program target of Shs2.93 billion.

Receipts from budget support grants are estimated at Shs12.86 billion during October 2004, which was lower than the program target of Shs84.94 billion. This outturn was also lower than Shs23.75 billion, which was realised in September 2004.

¹⁴ This excludes Agency Funds

Table 11: Government Budgetary Operations: September – October 2004 (Billion Shs)

	Revised Budget 2003/04	Draft Budget 2004/05	Prog. Budget 2004/05	Prel. Sep. 2004	Prel. Oct. 2004	Prog. Oct. 2004
Total Tax & Import Support Receipts	2,228.55	2,358.20	2,361.15	169.35	155.45	247.87
Total Domestic Revenue	1,690.90	1,860.51	1,860.51	145.60	142.59	162.93
URA Excluding Refunds/Govt. Taxes	1,655.20	1,830.01	1,830.01	143.56	141.28	160.00
Non URA Revenues	35.70	30.50	30.50	2.04	1.31	2.93
Import Support Grants	537.65	497.69	500.64	23.75	12.86	84.94
Expenditure & Lending	2343.26	2,497.79	2,446.70	134.46	184.37	263.60
Current Expenditure	1,732.86	1,872.36	1,872.75	127.51	138.62	172.25
Development Expenditure	536.89	558.13	501.05	6.95	48.21	83.43
Others 1/	73.51	67.3	72.9	-	(2.45)	7.92
Overall Fiscal Balance (Deficit)	(114.71)	(139.59)	(85.55)	34.89	(28.93)	(15.73)
Excluding Grants	(652.34)	(637.28)	(586.19)	11.14	(41.79)	(100.67)

Source: Ministry of Finance, Planning and Economic Development
1/ Includes Net Lending/Repayments, Arrears Repayments and Contingency.

ii) Expenditure

In October 2004, government expenditure and net lending increased by Shs49.91 billion or 37.1 percent to Shs184.37 billion. The increase was reflected in both current expenditure and development expenditure. Current expenditures for the month amounted to Shs138.62 billion, up from Shs127.51 billion recorded in September 2004. Expenditure on wages and salaries amounted to Shs55.95 billion, which accounted for 40.4 percent of total recurrent expenditures. Interest payments came down from Shs20.92 billion to Shs16.80 billion over this period. Out of this amount, Shs5.05 billion was on account of external debt. Other recurrent expenditures for the month amounted to Shs61.06 billion, which was an increase of Shs14.95 billion or 32.4 percent from Shs46.1 billion recorded in September. Development expenditure was Shs48.21 billion, an increase of Shs41.26 billion over Shs6.95 recorded in September. This outturn in total government expenditure, however, was lower than the projected level for the period by Shs118.33 billion.

The overall fiscal balance for October 2004 was a deficit of Shs28.93 billion compared to a surplus of Shs34.89 billion recorded in September 2004. Excluding grants, the deficit worsens to Shs41.79 billion. Subsequently, the government borrowed Shs32.49 billion from domestic sources. However, government made a net external repayment of Shs3.56 billion.

G EXCHANGE RATE AND FOREIGN EXCHANGE MARKET

The Uganda Shilling depreciated by 1.13 percent against the US Dollar from Shs1, 726.99 as on the 29 October 2004 to Shs1, 746.57 per US Dollar on the 30 November 2004. This is in contrast to the 1.27 per cent appreciation recorded for the previous month. The depreciation of the shilling was more pronounced in the second half of November 2004. The depreciation of the shilling during this period was largely on account of increased demand of the US Dollars from importers and some corporates.

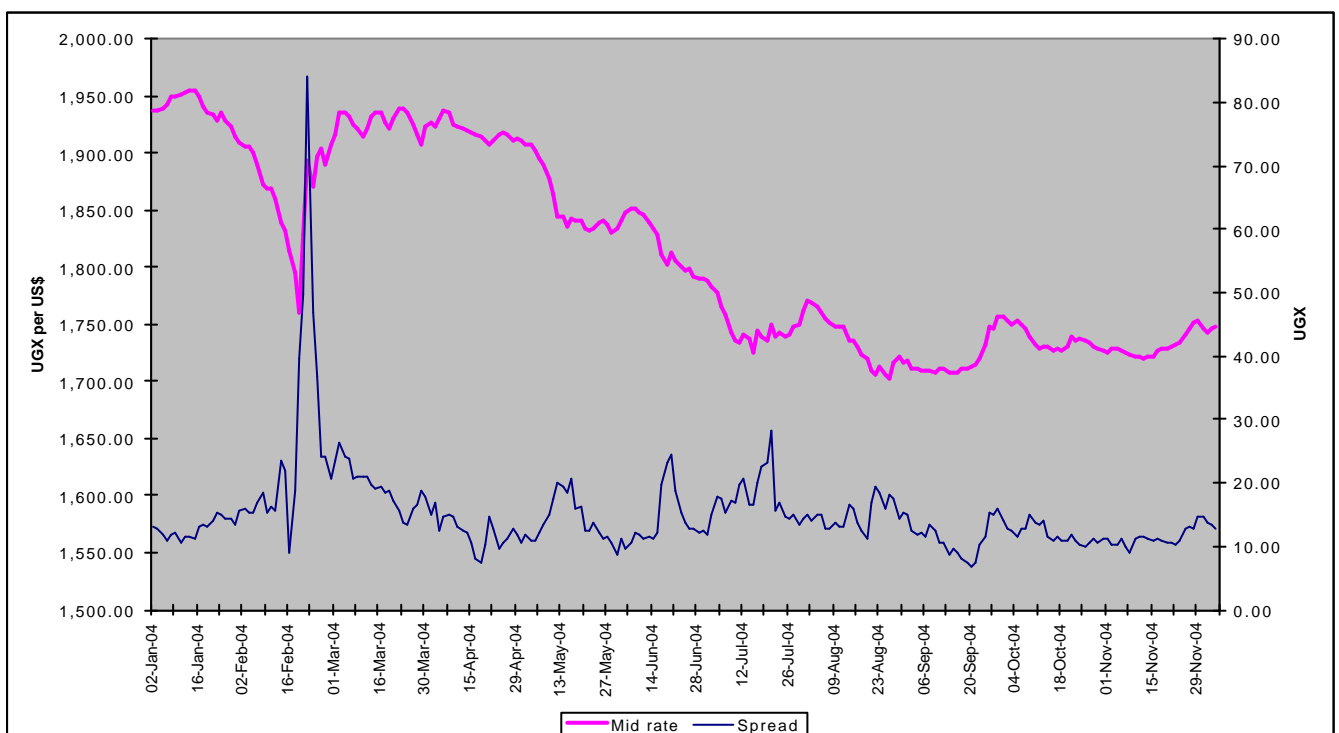
However, on a period average basis, the Shilling appreciated marginally by 0.26 percent from an average rate of Shs1, 735.44 per US Dollar for the month of October to an average rate of Shs1, 730.89 for

November 2004. The average spreads between the buying and selling rate reduced slightly from Shs11.82 in the preceding period to the current average of Shs11.39 (See Chart 5).

The average daily volume of commercial banks' retail purchases was US\$7.21 million, which was 0.20 million more than the previous month's average of US\$7.01 million, while that for sales of foreign exchange was US\$7.35 million, an increase of US\$0.03 million from an average of US\$7.32 million recorded in the preceding period.

BOU continued to monitor closely, the market developments and stood ready to take action in case of any instability. There were neither sterilization nor intervention deals in the period under review.

Chart 8: Exchange Rate Shs/\$ (Levels and Spreads) in the Interbank Market.



H DEVELOPMENTS IN THE BALANCE OF PAYMENTS (BOP)

The overall balance of payments was estimated at a surplus of US\$3.75 million in October 2004, a deterioration of 13.0 percent compared to the previous month (September 2004). The deterioration was due to decreases in net transfers and income which caused a widening deficit on the current account estimated at US\$ 34.91 million, from a deficit of US\$16.54 million registered in the preceding month. However, the current account deficit was more than offset by the surplus on the capital and financial account estimated at US\$38.67 million; an increase of about 85.42 percent in comparison to the surplus registered in the preceding month (US\$20.85 million).

i) Exports

Total Exports (developments for the month of October 2004)

Total export proceeds in the month of October 2004 were estimated at about US\$51.38 million; a marginal increase of 0.8 percent, compared to the export earnings of US\$ 50.97 million recorded in September 2004.

Coffee Exports

During the month of November 2004 coffee exports amounted to 183 thousand (60-kilogram) bags worth US\$ 8.3 million. In spite of a 1.6 percent reduction in the coffee volume in November 2004, there was a 0.6 percent increase in value, compared to the previous month's exports. This was due to an increase in the unit export price from an average unit price of US \$0.74 per kilogram in October 2004 to US\$0.76 per kilogram in November 2004.

Non-coffee Exports

The total value of non-coffee exports for the month of October 2004 is estimated at US\$43.13 million; a 2.1 percent decline, compared to US\$ US\$44.04 million realized in the previous month.

More specifically, export proceeds from cotton, tobacco, cobalt hides and skins, and gold, declined by 78.3 %, 55.2%, 32.8%, 25.5% and 5.2% respectively. On the other hand exports of electricity, tea, fish (regional and international) and flowers increased by 36.2%, 15.2% 8.3%, and 1.2%, respectively.

ii) Imports

The total import bill for the month of October 2004 is estimated at US\$128.76 million at fob value. Private sector imports are estimated at US\$109.92 million, 5.7 percent lower than the September 2004 private sector import bill. Oil imports are estimated at US\$12.90 million showing an increment of about 5.3 percent as compared to the oil bill in the month of September.

Government imports amounted to US\$ 14.24 million for the month of October 2004, accounting for approximately 11.1 percent of the import bill. (See Table 2: Imports of Goods).

iii) Other Inflows and Outflows

Official aid (excluding project aid but including resources from the HIPC¹⁵ Initiative) inflows amounting to about US\$14.35 million were disbursed in October 2004. Private transfer inflows for the period under review are estimated at US\$51.39 million, a reduction of about 22.66 percent compared to the previous months' inflows.

Services and income outflows exceeded inflows by approximately US\$30.05 million during the month of October 2004.

Official debt service (excluding IMF payments) was estimated at US\$ 15.58 million while IMF principal obligations amounting to US\$5.53 million were externalized during September. Net trade credit amounted to inflows of US\$0.18 million, consisting of inflows (buyers' credit and suppliers' credit) estimated at US\$16.76 million and outflows (prefinance shipments and suppliers' credit repayments) estimated at US\$16.58 million.

In October 2004, the level of gross foreign reserves was estimated at US\$1,321.07 million; US\$187.93 million higher than the preceding month's. This reserve level is estimated to cover 6.82 months of future imports of goods and services.

I POLICY OUTLOOK

Bank of Uganda is set to maintain the cautious monetary policy stance to ensure that inflation remains low and stable. It is also committed to manage liquidity in a manner that does not cause instability in both the domestic and foreign exchange markets.

¹⁵ Includes HIPC from grants only.

Tenor/Issue date ®	2 Years					3 Years						5 Years		10 Years
	First Issue Jan 14-04	Reopened Jun 03-04	Second Issue Jun 30-04	Reopened Aug 11-04	Reopened Sep 09-04	First Issue Feb 25-04	Reopened Jun 16-04	Reopened Jul 14-04	Second Issue Oct 06-04	Reopened Nov 03-04	Reopened Dec 01-04	First Issue Mar 24-04	Reopened Nov 17-04	First Issue May 19-04
Maturity Date	Jan 14-06	Jan 14-06	Jun 29-06	Jun 29-06	Jun 29-06	Feb 22-07	Feb 22-07	Feb 22-07	Oct 04-07	Oct 04-07	Oct 04-07	Mar 19-09	Mar 19-09	May 08-14
Offers (Billion Shs)	20.000	30.000	30.000	30.000	30.000	20.000	30.000	30.000	30.000	30.000	30.000	20.000	20.000	15.000
Total Bids (Billion Shs)	36.461	44.188	46.776	40.000	50.526	44.830	44.811	32.123	43.936	33.431	35.650	41.999	32.227	25.166
O/w Competitive	36.390	44.175	46.774	39.966	50.506	44.784	44.800	29.989	43.914	33.396	28.687	41.997	12.989	25.154
Over (Under) Subscription	16.461	14.188	16.776	10.000	20.526	24.830	14.811	2.123	13.936	3.431	5.650	21.999	12.227	10.166
Amount Sold (Face Value)	20.000	30.000	30.000	30.000	30.000	20.000	30.000	30.000	30.000	30.000	30.000	20.000	20.00	15.000
Amount Sold (Cost Price)	16.603	29.641	28.127	27.892	28.260	17.564	27.793	27.144	26.187	26.352	25.709	18.518	17.093	12.991
Cover Ratio %	182.305	147.292	155.920	133.336	168.419	224.149	149.370	107.077	146.380	111.437	111.833	210.00	161.135	167.773
Previous Cover Ratio %	182.305	147.292	155.920	133.336	...	224.149	149.370	107.077	146.380	111.437	...	210.00	...
WAP per Shs. 100	83.020	98.805	93.758	92.974	94.202	87.819	92.642	90.482	87.354	87.840	85.698	92.590	85.463	86.608
Previous WAP per Shs. 100	83.020	98.805	93.758	92.974	...	87.819	92.642	90.482	87.354	87.840	...	92.590	...
Yield to Maturity %	20.808	13.558	13.672	15.105	15.006	15.478	15.127	16.802	15.696	15.935	17.554	12.802	16.039	13.477
Previous Yield to Maturity %	...	20.808	13.558	13.672	15.105	...	15.478	15.127	16.802	15.696	15.935	...	12.802	...
Coupon Rate	10.00	10.00	10.00	10.00	10.00	10.25	10.25	10.25	10.25	10.25	10.25	10.75	10.75	11.00

**Table 1: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Total of local and foreign Currency, billion Shs)**

Period	Extensions	Recoveries	Net ext.	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	404.75	(311.48)	93.27	30.58	(91.27)	(60.69)	32.58
2000/2001	852.28	(769.56)	82.71	40.98	(71.61)	(30.64)	52.08
2001/2002	928.31	(886.08)	42.23	27.01	(64.65)	(37.64)	4.59
2002/2003							
Q1	271.05	(255.55)	15.50	13.98	(15.89)	(1.91)	13.59
Q2	322.26	(228.74)	93.51	21.69	(17.52)	4.16	97.68
Half 1 2002/03	593.31	(484.29)	109.01	35.67	(33.41)	2.25	111.27
Q3	348.69	(284.65)	64.04	9.48	(9.18)	0.30	64.34
Q4	347.21	(351.54)	(4.33)	14.37	(6.83)	7.54	3.20
Half 2 2002/03	695.90	(636.19)	59.71	23.85	(16.01)	7.84	67.55
2002/2003	1,289.21	(1,120.48)	168.72	59.51	(49.42)	10.09	178.81
2003/2004							
July	111.51	(97.42)	14.09	5.24	(3.82)	1.41	15.50
August	105.06	(97.69)	7.37	13.10	(8.62)	4.48	11.85
September	126.64	(122.07)	4.57	6.73	(3.11)	3.62	8.19
Q1	343.22	(317.19)	26.03	25.07	(15.56)	9.51	35.54
October	140.28	(113.42)	26.86	7.50	(4.69)	2.81	29.67
November	97.20	(80.86)	16.35	8.49	(5.29)	3.20	19.54
December	130.14	(109.10)	21.03	9.64	(6.15)	3.48	24.52
Q2	367.62	(303.38)	64.24	25.63	(16.14)	9.49	73.73
Half 1 2003/04	710.84	(620.57)	90.27	50.70	(31.70)	19.00	109.27
January 2004	128.99	(111.91)	17.08	5.76	(2.75)	3.01	20.10
February 2004	117.57	(126.30)	(8.73)	4.28	(2.09)	2.19	(6.54)
March 2004	135.08	(116.00)	19.09	5.12	(2.75)	2.37	21.45
Q3	381.64	(354.20)	27.44	15.16	(7.59)	7.57	35.01
April 2004	114.41	(112.39)	2.02	6.36	(3.56)	2.80	4.83
May 2004	118.06	(110.98)	7.08	7.72	(4.91)	2.81	9.90
June 2004	131.36	(150.01)	(18.65)	6.10	(4.22)	1.88	(16.78)
Q4	363.83	(373.38)	(9.55)	20.19	(12.69)	7.50	(2.05)
Half 2 2003/04	951.15	(910.59)	40.56	40.48	(25.36)	15.11	55.67
2003/2004	1,456.31	(1,348.15)	108.17	86.05	(51.98)	34.06	142.23
2004/2005							
July. 2004	124.95	(130.26)	(5.32)	10.16	(3.51)	6.65	1.33
August. 2004	101.95	(124.85)	(22.90)	11.22	(3.99)	7.23	(15.67)
September. 2004	142.95	(132.41)	10.55	14.42	(4.63)	9.79	20.34
Q1	369.67	(387.52)	(17.85)	35.86	(12.23)	23.63	5.79
October. 2004	137.94	(100.73)	37.20	11.83	(8.11)	3.72	40.92

Source: Research Department, Bank of Uganda

**Table 2: Monthly Change in Outstanding Loans and Advances of Commercial Banks
(Shilling loans, billion Shs)**

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	309.57	(257.58)	51.99	21.91	(65.28)	(43.37)	8.62
2000/2001	602.42	(553.62)	48.80	32.75	(59.58)	(26.83)	21.97
2001/2002	698.57	(693.31)	5.26	22.65	(54.96)	(32.31)	(27.05)
2002/2003							
Q1	196.42	(181.95)	14.47	12.56	(13.18)	(0.62)	13.85
Q2	229.36	(172.61)	56.75	19.35	(15.86)	3.49	60.24
Half 1 2002/2003	425.78	(354.56)	71.22	31.91	29.03	2.88	74.09
Q3	222.02	(183.05)	38.97	8.01	(8.44)	(0.43)	38.54
Q4	239.84	(215.38)	24.46	11.95	(5.63)	6.31	30.78
Half 2 2002/03	461.86	(398.44)	63.43	19.96	(14.07)	5.89	69.31
2002/2003	887.64	(753.00)	134.65	51.87	(43.11)	8.76	143.41
2003/2004							
July 2003	74.54	(70.30)	4.24	4.79	(2.99)	1.79	6.03
August	71.59	(64.13)	7.46	11.74	(8.14)	3.60	11.06
September	88.15	(87.69)	0.47	6.43	(2.24)	4.20	4.66
Q1	234.28	(222.12)	12.16	22.96	(13.37)	9.59	21.75
October	111.23	(77.65)	33.58	6.85	(3.88)	2.98	36.55
November	72.59	(49.96)	22.64	7.69	(3.80)	3.89	26.53
December	87.06	(87.83)	(0.77)	8.06	(5.57)	2.49	1.72
Q2	270.88	(215.44)	55.44	22.61	(13.25)	9.36	64.80
Half 1 2003/04	505.16	(437.56)	67.61	45.57	(26.62)	18.95	86.55
January 2004	86.09	(67.71)	18.39	5.01	(2.26)	2.74	21.13
February 2004	77.25	(87.94)	(10.69)	2.91	(1.67)	1.24	(9.45)
March 2004	85.48	(73.79)	11.69	4.50	(2.18)	2.32	14.01
Q3	248.82	(229.44)	19.38	12.42	(6.11)	6.30	25.69
April. 2004	80.28	(82.95)	(2.67)	5.32	(2.90)	2.42	(0.24)
May 2004	72.36	(65.17)	7.20	7.07	(4.39)	2.68	9.88
June 2004	78.06	(82.41)	(4.35)	5.11	(3.70)	1.41	(2.94)
Q4	230.71	(230.53)	0.18	17.51	(10.99)	6.52	6.70
Half 2 2003/2004	479.53	(459.96)	19.56	29.92	(17.10)	12.82	32.38
2003/2004	984.69	(897.52)	87.17	75.49	(43.72)	31.77	118.94
2004/2005							
July. 2004	91.22	(93.84)	(2.63)	8.46	(2.92)	5.53	2.91
August. 2004	75.68	(87.36)	(11.69)	8.85	(3.64)	5.20	(6.48)
September. 2004	92.67	(92.66)	0.02	12.54	(3.99)	8.55	8.57
Q1	259.39	(273.87)	(14.47)	29.91	(10.65)	19.26	4.79
October. 2004	89.31	(67.61)	21.70	10.55	(6.10)	4.45	26.15

Source: Research Department, Bank of Uganda

**Table 3: Monthly Change in outstanding loans and advances of Commercial banks
(Foreign Currency, billion Shs)**

Period	Extensions	Recoveries	Net extensions	Cap interest	Repd cap int	Net Cap int	Net change
	1	2	3=1+2	4	5	6=4+5	7= 3+6
1999/2000	95.19	(54.30)	40.89	8.71	(26.04)	(17.33)	23.55
2000/2001	249.86	(215.95)	33.91	8.23	(12.03)	(3.80)	30.11
2001/2002	229.74	(192.77)	36.97	4.36	(9.69)	(5.33)	31.64
2002/2003							
Q1	74.63	(73.60)	1.03	1.42	(2.71)	(1.29)	(0.27)
Q2	92.90	(56.13)	36.77	2.34	(1.67)	0.67	37.44
Half 1 2002/2003	167.53	(129.73)	37.80	3.76	(4.38)	(0.62)	37.17
Q3	126.67	(101.60)	25.07	1.47	(0.74)	0.73	25.80
Q4	107.36	(136.16)	(28.80)	2.42	(1.19)	1.22	(27.57)
Half 2 2002/03	234.03	(237.76)	(3.72)	3.89	(1.93)	1.95	(1.77)
2002/2003	401.56	(367.49)	34.07	7.65	(6.31)	1.33	35.41
2003/2004							
July	36.97	(27.12)	9.85	0.45	(0.83)	(0.38)	9.47
August	33.47	(33.56)	(0.09)	1.36	(0.48)	0.88	0.79
September	38.49	(34.39)	4.10	0.30	(0.88)	(0.58)	3.52
Q1	108.93	(95.06)	13.87	2.11	(2.19)	(0.08)	13.79
October	29.05	(35.77)	(6.71)	0.65	(0.82)	(0.17)	(6.88)
November	24.61	(30.90)	(6.29)	0.80	(1.50)	(0.69)	(6.99)
December	43.08	(21.28)	21.8	1.57	(0.58)	0.99	22.8
Q2	96.74	(87.95)	8.8	3.03	(2.90)	0.13	8.93
Half 1 2003/04	205.68	(183.01)	22.67	5.13	(5.08)	0.05	22.72
January 2004	42.90	(44.20)	(1.30)	0.75	(0.49)	0.27	(1.03)
Feb. 2004	40.32	(38.36)	1.96	1.37	(0.42)	0.95	2.91
Mar. 2004	49.60	(42.21)	7.40	0.62	(0.57)	0.05	7.44
Q3	132.82	(124.76)	8.06	2.74	(1.47)	1.26	9.32
April 2004	34.13	(29.44)	4.69	1.04	(0.67)	0.38	5.07
May 2004	45.70	(45.81)	(0.11)	0.65	(0.52)	0.13	0.02
June 2004	53.30	(67.60)	(14.30)	0.99	(0.52)	0.47	(13.83)
Q4	133.13	(142.85)	(9.73)	2.68	(1.70)	0.98	(8.75)
Half 2 2003/04	265.95	(267.62)	(1.67)	5.42	(3.18)	2.24	0.57
2003/2004	471.62	(450.63)	21.00	10.55	(8.26)	2.29	23.29
2004/2005							
July 2004	33.73	(36.42)	(2.69)	1.70	(0.59)	1.11	(1.58)
August 2004	26.27	(37.49)	(11.22)	2.37	(0.34)	2.03	(9.19)
September 2004	50.28	(39.75)	10.53	1.88	(0.64)	1.24	11.77
Q1	110.28	(113.66)	(3.37)	5.95	(1.57)	4.37	1.00
October 2004	48.63	(33.13)	15.51	1.28	(2.01)	(0.73)	14.78

Source: Research Department, Bank of Uganda

Table 4: Mid Exchange Rate in the IFEM, Spreads, Commercial Banks' Purchases and Sales.

Date	Mid rate UGX/US\$	Spread UGX	Purchases Million US\$	Sales Million US\$
01-Oct-04	1749.15	12.39	7.40	5.12
04-Oct-04	1753.11	11.49	4.97	4.83
05-Oct-04	1750.26	12.89	6.27	7.29
06-Oct-04	1746.37	12.89	7.16	6.52
07-Oct-04	1739.61	14.96	7.05	7.81
08-Oct-04	1732.30	13.79	5.81	7.55
11-Oct-04	1728.73	13.40	4.57	7.46
12-Oct-04	1729.62	14.00	9.57	7.92
13-Oct-04	1730.66	11.50	5.15	9.34
14-Oct-04	1727.65	10.82	8.87	10.77
15-Oct-04	1728.67	11.54	9.37	7.48
18-Oct-04	1727.20	10.86	6.62	7.57
19-Oct-04	1731.10	10.79	8.03	5.08
20-Oct-04	1739.10	11.91	8.89	7.73
21-Oct-04	1736.21	10.95	5.17	5.56
22-Oct-04	1737.74	10.28	5.04	6.15
25-Oct-04	1735.89	10.06	7.24	6.64
26-Oct-04	1733.95	10.71	7.03	6.36
27-Oct-04	1731.04	11.05	7.67	7.76
28-Oct-04	1728.88	10.69	7.20	9.64
29-Oct-04	1726.99	11.25	8.16	9.13
01-Nov-04	1724.94	11.28	9.62	5.34
02-Nov-04	1727.93	10.32	6.83	5.39
03-Nov-04	1728.10	10.24	5.38	4.89
04-Nov-04	1726.97	11.19	4.44	9.34
05-Nov-04	1724.68	9.85	6.80	8.46
08-Nov-04	1723.25	9.09	6.03	7.05
09-Nov-04	1721.86	11.14	10.64	8.47
10-Nov-04	1721.95	11.49	8.76	7.05
11-Nov-04	1720.62	11.59	6.20	6.63
12-Nov-04	1721.52	11.30	5.60	5.58
15-Nov-04	1722.02	11.00	6.30	5.72
16-Nov-04	1727.41	11.05	6.16	6.04
17-Nov-04	1728.12	10.98	6.69	7.21
18-Nov-04	1728.23	10.46	6.50	8.66
19-Nov-04	1729.85	10.55	8.93	8.58
22-Nov-04	1732.40	10.40	7.13	7.73
23-Nov-04	1733.73	10.99	7.50	8.45
24-Nov-04	1740.07	12.63	8.07	6.08
25-Nov-04	1746.09	13.08	8.34	7.73
26-Nov-04	1750.45	12.65	8.24	10.17
29-Nov-04	1752.77	14.71	6.71	7.71
30-Nov-04	1746.57	14.50	7.81	9.48

Table 5:EXPORTS OF MERCHANDISE (in millions of US\$)

	May 04	Jun 04	Jul 04	Aug 04	Sep 04	Oct 04	Nov 04
Total Exports	51.46	50.81	58.63	58.93	50.97	51.38	
1. Coffee							
Gross coffee shipment, million (60-Kg) bags	0.18	0.26	0.28	0.19	0.16	0.19	0.18
Av. unit value	0.79	0.80	0.75	0.70	0.71	0.74	0.76
Value of total shipment (BOP)	8.62	12.67	12.80	7.89	6.94	8.25	8.30
2. Non-Coffee exports	42.84	38.14	45.83	51.04	44.04	43.13	
Electricity	0.98	0.94	1.30	0.99	0.87	1.19	
Gold	3.59	3.04	12.72	3.69	2.99	2.83	
Cotton	5.43	2.48	1.36	2.92	1.20	0.26	
Tea	3.97	2.93	1.80	1.36	2.85	3.29	
Tobacco	1.53	1.63	1.10	4.07	4.45	1.99	
Fish & its prod.(excl. regional)	7.92	6.21	6.94	7.74	9.06	9.81	
Fish & its prod.(regional exports)	2.61	2.05	2.29	2.56	2.99	3.24	
Hides & skins	0.37	0.39	0.38	0.54	0.43	0.32	
Simsim	0.39	0.16	0.02	0.21	-	-	
Maize	1.09	1.05	1.32	1.30	1.40	1.28	
Beans	0.28	0.45	0.31	0.38	0.45	0.26	
Flowers	2.79	2.74	2.50	2.55	2.32	2.35	
Oil re-exports	1.98	2.91	2.44	2.33	2.58	2.57	
Cobalt	1.08	1.61	1.11	1.11	1.73	1.17	
Others	8.84	9.55	10.26	19.28	10.73	12.60	

Source: Bank of Uganda

Table 6: IMPORTS OF GOODS (US\$ millions)

	Apr 2004	May 2004	Jun 04	Jul 2004	Aug 04	Sep 04	Oct 04
Total Imports	107.76	120.77	123.49	131.05	135.59	131.47	128.76
Government Imports	10.28	14.14	14.09	12.47	12.31	11.34	14.24
Project	9.51	6.55	10.19	9.24	8.71	10.95	10.50
Non-Project	0.77	7.60	3.90	3.23	3.60	0.39	3.73
Private Sector Imports	97.48	106.63	109.40	118.58	123.27	116.55	109.92
Oil imports	12.90	12.16	11.70	10.56	12.64	12.25	12.90
Non-oil imports	84.58	94.47	97.70	108.02	110.63	107.88	101.62

Source: Bank of Uganda

Note: All import figures are reported at f.o.b value.